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THIS IS UNEVALUATED INFORMATION

1. The new Czechoslovak economic policy as reflected in the proclamation of the Czechoslovak Government of 15 September 1953, i.e., the shifting of emphasis from heavy industry to light industry and agriculture, appears to have been ordered by Moscow throughout the entire Soviet orbit. This concerted effort, aimed at quelling the dissatisfaction of the populace with the shortage of manufactured consumer goods and foodstuffs, is bringing about a marked change in the foreign trade orientation of the Soviet satellites. The general trend seems to be an all-out effort at increasing trade relations with the West with the aim of gaining raw materials for the stepped up production of the light industry, as well as some raw materials for the heavy industry which are in short supply within the Soviet orbit. To achieve this the Soviet Bloc is currently offering for export to non-Communist countries many goods which, until recently, had never figured on its export lists. So, for example, Czechoslovakia is now exporting to the Middle East all kinds of machinery and chemical products. The exported machinery consists mainly of heavy items, such as turbines and complete power plant equipment.

25X1

Czechoslovak export offers of two-engine planes of all-metal construction and of complete penicillin factory equipment. Penicillin factory equipment is now also being offered [redacted] by Hungary.

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2. [redacted] the new economic policy of the Soviet Bloc, which began to be apparent soon after Stalin's death, is not meant as a temporary tactical measure. This, of course, does not mean that the basic orientation of foreign trade of the Soviet satellites will be radically changed. The main emphasis still continues to be placed on trade with the USSR and the "people's democracies". The new course merely means the easing of these hitherto rigid ties and some limited freedom in trade dealings with the West. The primary aim of this economic "new look"

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-2-

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is to earn means for the payment of purchases in the West which are indispensable for the implementation of the revised economic plans of the Soviet Bloc countries. As a result of the partial economic blockade imposed by the West in recent years (strategic materials) which forced the Communist Bloc to develop its own resources and industrial potential, the trade dependency of the Soviet satellites on the West is now considerably smaller than it had been immediately after the war.

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steel industry must either have adjusted its production to the East German ferrochrome 1%, or that the USSR had started producing ferrochrome 0.06% from North Korean raw materials.

3. In connection with Czechoslovakia's current efforts at recapturing some of her traditional markets in the West

25X1

Source observed that new people are being sent abroad as representatives of the Czechoslovak export-import agencies. They are mostly young men in their early thirties, selected for their expert qualifications, irrespective of whether they are CP members or not. Another novelty is that these expert negotiators are no longer accompanied on their missions by Party supervisors.

4. The partial shifting of emphasis from heavy to light industry does not mean that the capital investment program of the Czechoslovak Government has been completed. It has been slightly reduced in scope and intensity but not abandoned. Its execution is affected by the new policy only in the sense of priority which in some cases now is being placed on the production of goods earmarked for export as compensation for imported

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1. [redacted] Comment: Type of plane and place of manufacture is not specified by source.

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